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WILLIAMS & COMPANY CONSULTING, INC.
THIRD PARTY ADMINISTRATOR

MEMO

TO: Environmental consultants working for PSTIF participants and beneficiaries

FROM: H. Patrick Eriksen, President, Williams & Company Consulting, Inc. *H.P.E.*

DATE: October 11, 2018

SUBJECT: Getting costs pre-approved and requesting reimbursement

Consultants are paid to be professional project managers. We want our cost pre-approval and reimbursement procedures to reflect your important role.

That said, your client is the person or entity to whom we owe reimbursement. Sometimes your client has legal liability for a petroleum release, but not always. We expect your decisions will always be made with the best interests of your client in mind.

Regarding cost estimates and obtaining pre-approval of costs –

- We want you to *plan* and to *present recommendations* to your client and to the DNR *based on a thoughtful conceptual model and known scientific facts*. Our adjusters are authorized to quickly pre-approve a lump sum via email for consulting time to develop a thoughtful, risk-based site characterization plan or analyze corrective action options, or similar planning tasks. We will immediately reimburse these “thinking costs” upon receipt of a quality plan that reflects the time invested.
- We expect site characterization plans to be risk-based, to include contingency costs, and to be designed to *complete* site characterization in an expeditious manner. Our adjusters are authorized to pre-approve additional costs in the field or via email without delay. If you discover during field work that access to additional properties is necessary, communicate that to your client and our adjuster. *We expect no more than two reports will be necessary to fully characterize a confirmed release.*
- You are required to give your client and us a schedule for completing all work you are recommending. It is your responsibility to tell your client and our adjuster if you cannot meet your deadlines.
- We expect you to design a cost-effective and timely approach for meeting DNR’s standards. If we do not think your recommended approach is cost-effective or



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timely, we will ask you to re-evaluate or will require your client to get proposals from other consultants.

- We will only pre-approve costs for corrective action plans that have specific, well-defined targets, (i.e., numeric, risk-based standards), and clearly define what will be measured, when, and where to determine whether those targets have been achieved. (This includes plans for free product removal, which is a corrective action.) We will always consider performance-based corrective action contracts with simple milestones triggering lump sum payments.
- For repetitive groundwater monitoring, present a cost estimate for the entire anticipated project – i.e., for all monitoring you plan to do and all reporting. Be sure the plan clearly states the risk-based objective you intend to accomplish. Communicate with our adjuster via phone or email if unforeseen results require an amendment to your plan. We will make pre-determined lump sum payments for groundwater monitoring projects, but payments may be conditioned on you meeting your deadlines.

Regarding reimbursement requests –

- Invoices must match cost estimates. E.g., if you requested and received pre-approval of a lump sum, an invoice for the lump sum is acceptable. If you requested pre-approval of costs for individual tasks, the invoices must present costs for those same tasks. Invoices that deviate significantly from pre-approved cost estimates will be returned.
- If our adjuster has observed field activities, no report is required to prove the activities occurred. You may request reimbursement of drilling, lab, and disposal costs by sending us those invoices.
- For your consulting services, *do not* send us monthly “time and material” invoices; if you do, they will be returned. Instead, send us an invoice when you have accomplished a task you proposed to accomplish in your plan and cost estimate.

Other tips –

- At many tank sites, multiple releases have been confirmed over the last 30 years. Cost estimates, work plans, and reports should clearly identify which release or releases you are addressing. (They should not refer to cleanup of a “site” unless it is a remedial claim; even then, use the word “site” carefully, since it is defined as the property on which the former tanks operated and does not include adjacent properties.)
- Plans, reports, and recommendations should always be presented to your client, and you should always have his/her agreement before presenting them to others.
- Your client may have valid reasons for engaging you to do work apart from or beyond that necessary to meet DNR’s cleanup standards; in some circumstances, we will pay for that work if you and your client obtain our concurrence in advance.